

*crawford  
smith@  
swallow*

**ROTARY INTERNATIONAL DISTRICT 7090**

**Financial Statements**

**June 30, 2016**



## **ROTARY INTERNATIONAL DISTRICT 7090**

### **Financial Statements**

**June 30, 2016**

---

#### **Table of Contents**

	<b>Page</b>
Independent Auditors' Report	1-2
Statement of Financial Position	3
Statement of Restricted Funds	4
Statement of Operations and Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7-10
Schedule of Expenses	11

Crawford, Smith and Swallow  
Chartered Accountants LLP

1567 Highway 55  
Niagara-on-the-Lake, Ontario  
Telephone (905) 468-7836  
Facsimile (905) 468-7909

*crawford  
smith &  
swallow*

Mailing Address:  
P.O. Box 929  
Virgil, Ontario  
L0S 1T0

Offices in:  
Niagara Falls, Ontario  
St. Catharines, Ontario  
Fort Erie, Ontario  
Niagara-on-the-Lake, Ontario  
Port Colborne, Ontario

## INDEPENDENT AUDITORS' REPORT

---

To the Members of Rotary International District 7090

We have audited the accompanying financial statements of Rotary International District 7090, which comprise the financial position as at June 30, 2016, and the statements of operations and fund balances, restricted funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

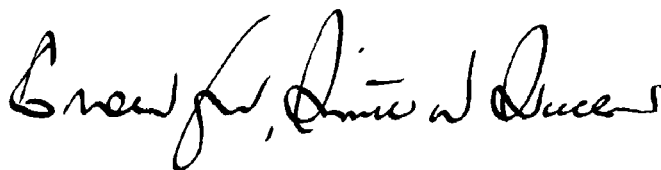
*Basis for Qualified Opinion*

In common with many charitable organizations, the organization derives revenue from its members in the form of dinner, training, and conference fees, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, deficiency of revenue over expenditures and cash flows from operations for the year ended June 30, 2016, and assets and fund balances as at June 30, 2016. Our audit opinion on the financial statements for the year ended June 30, 2016 was modified accordingly because of the possible effects of this limitation in scope.

Rotary International District 7090 controls the operations of Rotary District 7090 Youth Exchange Inc. as disclosed in note 5. We were unable to obtain sufficient appropriate audit evidence about the activities of Rotary District 7090 Youth Exchange Inc. for the year ended June 30, 2016 because an audit was not conducted on their records. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

*Qualified Opinion*

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraphs, the financial statements present fairly, in all material respects, the financial position of Rotary International District 7090 as at June 30, 2016, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Niagara-on-the-Lake, Ontario  
October 14, 2016

CRAWFORD, SMITH AND SWALLOW  
CHARTERED ACCOUNTANTS LLP  
LICENSED PUBLIC ACCOUNTANTS

# ROTARY INTERNATIONAL DISTRICT 7090

## STATEMENT OF FINANCIAL POSITION

June 30, 2016

(stated in U.S. \$)

<b>Assets</b>	2016	2015
	\$	\$
<b>Current Assets</b>		
Cash	129,470	139,263
Restricted cash	4,374	4,374
Short term investment	86,731	86,688
Accounts receivable		857
Prepaid expenses	10,892	3,187
	<b>231,467</b>	<b>234,369</b>
<b>Liabilities and Fund Balances</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	26,902	32,066
Deferred revenue - note 4	2,749	3,690
	<b>29,651</b>	<b>35,756</b>
<b>Fund Balances</b>		
Restricted funds	4,374	4,374
Unrestricted funds	197,442	194,239
	<b>201,816</b>	<b>198,613</b>
	<b>231,467</b>	<b>234,369</b>

Signed on behalf of the board:

\_\_\_\_\_ District Governor

\_\_\_\_\_ District Treasurer

See accompanying notes

**ROTARY INTERNATIONAL DISTRICT 7090**

**STATEMENT OF RESTRICTED FUNDS**

for the year ended June 30, 2016

(stated in U.S. \$)

	District History \$	Manual of Procedure \$	2016 \$	2015 \$
<b>Balance, Beginning of Year</b>	3,486	888	4,374	4,374
<b>Balance, End of Year</b>	<b>3,486</b>	<b>888</b>	<b>4,374</b>	<b>4,374</b>

See accompanying notes

## ROTARY INTERNATIONAL DISTRICT 7090

### STATEMENT OF OPERATIONS AND FUND BALANCES

for the year ended June 30, 2016

(stated in U.S. \$)

	Unaudited Budget \$	2016 \$	2015 \$
<b>Revenue</b>			
Assistant Governors	1,500		
District Conference	57,000	66,639	39,723
District Grants		78,051	75,827
Grant management seminar		4,657	7,535
Insurance assessment revenue	34,000	32,032	31,418
Interest and other	600	3,203	2,357
Membership dues	84,200	79,535	78,524
Million dollar dinner			5,900
PETS and Club Leadership Training	36,500	20,169	17,983
Public relations and communication			15,000
Rotary Foundation Dinner	14,000	7,315	11,097
Rotary Leadership Institute	2,000	2,615	9,057
RYLA	32,000	28,246	33,181
Slapshot	28,000	25,891	25,929
	289,800	348,353	353,531
<b>Expenses</b>			
Administration - schedule 1	26,000	29,066	25,720
Directors and committees - schedule 1	21,300	10,517	37,351
District Conference	57,000	64,701	58,711
District Grants		57,048	50,539
District Grants - unspent		21,003	25,288
Foreign exchange loss		2,135	8,821
Grant management seminar		4,675	7,183
Million dollar dinner			6,939
PETS and Club Leadership Training	36,500	31,432	21,393
Rotary Foundation Dinner	14,000	6,505	9,518
Rotary Leadership Institute	2,000	4,195	7,625
RYLA	32,000	28,680	31,559
Seminar training	700	584	803
Slapshot	28,000	20,632	24,495
Standing committees - schedule 1	39,500	28,025	31,667
Training - schedule 1	32,800	35,952	18,546
	289,800	345,150	366,158
<b>Excess (Deficiency) of Revenue over Expenses for the Year</b>		3,203	(12,627)
<b>Unrestricted Fund Balance, Beginning of Year</b>	194,239	194,239	206,866
<b>Unrestricted Fund Balance, End of Year</b>	<b>194,239</b>	<b>197,442</b>	<b>194,239</b>

See accompanying notes

## ROTARY INTERNATIONAL DISTRICT 7090

### STATEMENT OF CASH FLOWS

for the year ended June 30, 2016

(stated in U.S. \$)

	2016 \$	2015 \$
<b>Operating Activities</b>		
Excess (deficiency) of revenue over expenses for the year	3,203	(12,627)
Changes in working capital components		
Short term investment	(43)	(44)
Accounts receivable	857	14,880
Prepaid expenses	(7,705)	646
Accounts payable and accrued liabilities	(5,164)	(8,766)
Deferred revenue	(941)	3,690
	(12,996)	10,406
Funds used by operating activities	(9,793)	(2,221)
<b>Decrease in Cash Position</b>	(9,793)	(2,221)
<b>Cash Position, Beginning of Year</b>	143,637	145,858
<b>Cash Position, End of Year</b>	<b>133,844</b>	<b>143,637</b>
<b>Cash Position</b>		
Cash	129,470	139,263
Restricted cash	4,374	4,374
	<b>133,844</b>	<b>143,637</b>

See accompanying notes



# ROTARY INTERNATIONAL DISTRICT 7090

## NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2016

(stated in U.S. \$)

---

### Organization

Rotary International District 7090 (the District) is comprised of Rotary Clubs located in Western New York, U.S.A. and Southern Ontario, Canada. The purpose of the District is as follows:

#### General

Collection of monies from local clubs to be used by the District Governor in order to provide leadership advice and assistance to the various clubs.

#### District Conference

Host an annual event attended by Rotarians, spouses and guests at which the attendees share fellowship and learn about various Rotary activities.

#### RYLA

Rotary Youth Leadership Awards (RYLA) is an annual session at which young adults ages 19 - 25 are provided with a week of leadership training.

#### Club Leadership Training

Club Leadership Training is a program to train and inform club officers of the various Rotary Clubs in the District.

#### PETS

President Elect Training Sessions (PETS) is a program to train and inform club presidents-elect of the Rotary Clubs in the District.

#### Rotaract and Interact

The purpose of this program is to assist Clubs to establish and maintain Rotaract and Interact clubs in colleges and high schools, respectively. These clubs provide an opportunity for students to become involved in community and international activities in association with Rotary.

#### Slapshot

Student Leadership Award Program for Students High on Training (SLAPSHOT) is an annual session at which young adults ages 16 - 18 are provided with a week of leadership training.

#### Rotary Leadership Institute

The Rotary Leadership Institute was founded to assist in improving the Rotary knowledge and leadership skills of the future leaders of the Rotary clubs.

#### District Grants

District Grants are a tool for Rotary districts to support short-term, humanitarian projects that benefit a community. Districts request a portion of their District Designated Fund for a grant to support one or multiple projects locally or internationally.

# ROTARY INTERNATIONAL DISTRICT 7090

## NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2016

(stated in U.S. \$)

---

### 1. Significant Accounting Policies

The financial statements of the organization are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations, consistently applied. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgement in the light of available information. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

#### Financial reporting framework

The organization, being a not-for-profit organization, has chosen to establish their financial statements in accordance with Canadian accounting standards for not-for-profit organizations, issued by the Chartered Professional Accountants of Canada.

#### Revenue recognition

Revenue is recognized in the fiscal year to which it applies. Accordingly, receivables are recorded for dues or fees uncollected as of the end of the fiscal year. Revenue applicable to a future period is recognized when earned.

The work of the organization is dependent on the voluntary service of many members. Since these services are not normally purchased by the organization and because of the difficulty of determining their value, contributed services are not recognized in these financial statements.

#### Foreign currency translation

These financial statements are presented in U.S. dollars. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rates in effect at the year-end date. Gains and losses on translation are reflected in net earnings of the period.

#### Financial instruments

The organization's financial instruments consist of cash, short term investment, accounts receivable and accounts payable. Cash, short term investment, accounts receivable and accounts payable are initially measured at fair value on acquisition and are subsequently measured at amortized cost.

#### Tax status

The District is a subordinate unit of Rotary International and is covered by a blanket exemption from U.S. federal income tax under Section 501(c)(4) of the Internal Revenue Code as a social welfare organization. The letter of determination from the IRS was dated May 13, 1958, and that status still remains.

# ROTARY INTERNATIONAL DISTRICT 7090

## NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2016

(stated in U.S. \$)

---

### 1. Significant Accounting Policies - continued

#### Fund accounting

The organization uses the restricted fund method to account for revenues and expenses. The Board of Directors has internally restricted resources for the purposes of updating and publishing a triennial District 7090 history and publishing the District's Manual of Procedure every fifth year. The District also operates a general fund for all other activities.

### 2. Financial Instruments

Transactions in financial instruments expose the organization to certain financial risks and uncertainties. These risks include:

#### Interest rate risk

Interest rate risk is the risk that future cash flows of a financial instrument will fluctuate due to changes in the market interest rates. The organization holds investments that bear interest at fixed rates which will mature over the next fiscal year. Accordingly, the organization is exposed to the effects of fluctuations in market interest rates when these investments are reinvested.

#### Currency risk

Currency risk is the risk that the fair value of financial instruments will fluctuate due to changes in foreign exchange rates. The organization has assets and liabilities denominated in both U.S. and Canadian currency that fluctuate in value as current exchange rates change. Accordingly, the organization is exposed to the effects of fluctuations in foreign exchange rates.

The extent of the organization's exposure to interest rate risk did not change during the year. Due to a decrease in accounts receivable, the organization's exposure to currency risk has decreased during the year.

### 3. District Designated Funds

In addition to District Grants included in revenue, Rotary International disbursed District Designated Funds on behalf of District 7090 as follows:

	2016	2015
	\$	\$
Polio Plus Fund	100,000	31,000
Global Grants	68,991	62,675
	<b>168,991</b>	<b>93,675</b>

---

### 4. Deferred Revenue

Deferred revenue is amounts received for the District Conference to be held in October 2016.

# ROTARY INTERNATIONAL DISTRICT 7090

## NOTES TO FINANCIAL STATEMENTS

for the year ended June 30, 2016

(stated in U.S. \$)

### 5. Controlled Entities

The Board of Directors of Rotary District 7090 Youth Exchange Program Inc. has members in common with District Council of Rotary District 7090. Since the financial statements have not been consolidated, the financial summaries of Rotary District 7090 Youth Exchange Program Inc., as at June 30, are as follows:

Financial Position	Unaudited 2016 \$	Unaudited 2015 \$
Total Assets	<b>21,067</b>	<b>21,635</b>
Total Liabilities		
Net Assets	21,067	21,635
	<b>21,067</b>	<b>21,635</b>
Results of Operations	Unaudited 2016 \$	Unaudited 2015 \$
Total revenues	46,030	45,182
Total expenses	46,598	48,009
<b>Excess of Revenues over Expenses</b>	<b>(568)</b>	<b>(2,827)</b>
Results of Cash Flows	Unaudited 2016 \$	Unaudited 2015 \$
Fund provided by operations	<b>(568)</b>	<b>(2,827)</b>

Rotary District 7090 Youth Exchange Program Inc. was incorporated in New York State in 2008 and is exempt from U.S. federal income tax under Section 501(c)(3) of the Internal Revenue Code.

The purpose of Youth Exchange is to give high school aged students the opportunity to live in a foreign country for one year. At the same time, foreign students spend one year with local families approved by Rotary District 7090 Youth Exchange Program Inc.

During the year, the organization invoiced Youth Exchange \$589 (2015 - \$7,935) for rooms and expenses related to the District Conference. This amount is included in District Conference revenue on the statement of operations and fund balances.

# ROTARY INTERNATIONAL DISTRICT 7090

Schedule 1

## SCHEDULE OF EXPENSES

for the year ended June 30, 2016

(stated in U.S. \$)

	Unaudited Budget \$	2016 \$	2015 \$
<b>Administration</b>			
Assistant Governors	1,500		
District Council	2,200	2,075	719
Office, website maintenance and other	22,300	26,991	25,001
	<b>26,000</b>	<b>29,066</b>	<b>25,720</b>
<b>Directors and Committees</b>			
Group Study Exchange	500		
Other	3,200	(469)	352
Public relations and communication	12,000	10,642	33,326
Rotary Foundation	5,000	344	3,654
Scholarships	500		
World Community Service	100		19
	<b>21,300</b>	<b>10,517</b>	<b>37,351</b>
<b>Standing Committees</b>			
Finance and audit	5,500	4,266	4,903
Insurance	34,000	23,759	26,764
	<b>39,500</b>	<b>28,025</b>	<b>31,667</b>
<b>Training</b>			
Awards and recognition	2,500	220	
District Governor	9,900	10,479	
District Governor Elect	9,900	3,785	9,258
District Governor Nominee	3,000	10,467	2,665
District training	7,500	11,001	6,623
	<b>32,800</b>	<b>35,952</b>	<b>18,546</b>

See accompanying notes